THE HON'BLE SRI JUSTICE N.V. RAMANA

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Writ Petition No.25170 of 2000

Dated: 27.12.2005

Between:

Guntur Municipal Corporation, rep. by its Commissioner, Praveen Prakash, IAS, S/o P.P. Srivasthava, resident of Guntur.

..... PETITIONER

AND

1 G.V.B. Sarma, S/o Krishna Rao, D.No.5-12-7(2)2/16, Brodipet, Guntur and another.

.....RESPONDENTS

THE HON'BLE SRI JUSTICE N.V. RAMANA

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Writ Petition No.25170 of 2000

Order:

Assailing the order of respondent No.2-Industrial Tribunal-Cum-Labour Court, Guntur, passed in M.P. No.7 of 1997, dated 08.08.2000, awarding interest on gratuity amount payable to respondent No.1, the petitioner-Municipal Corporation filed the present writ petition.

Respondent No.1, who retired from service on 30.04.1995 as a Sanitary Inspector in the petitioner-Municipal Corporation, filed M.P. No.7 of 1997 before the Labour Court, Guntur, under

Section 33-C (2) of the Industrial Disputes Act, 1947, for determining the amounts

due to him. The Labour Court, after elaborate consideration of the entire oral and documentary evidence on record, vide impugned order dated 08.08.2000, held that there is delay of two years six months on the part of petitioner-Municipal Corporation in making payment of gratuity amount to respondent No.1, and therefore, respondent No.1 is entitled for interest on the amount of gratuity, which was due and payable on the date of his retirement, and directed the petitioner-Municipal Corporation to pay interest at 18% per annum on the gratuity amount of
Rs. 62,100/- from 30.04.1995 till 07.10.1997 to respondent No.1 within three months from the date of that order. Aggrieved by the said order passed by the Labour Court, the petitioner-Municipal Corporation filed the present writ petition.

Heard the learned Counsel for petitioner-Municipal Corporation, learned counsel for Respondent No.1, and perused the impugned order of the Labour Court.

Learned counsel for petitioner-Municipal Corporation submits that there is no willful delay on the part of the petitioner-Municipal Corporation in making payment of gratuity amount to respondent No.1 and the delay was only on administrative grounds. He further submits that respondent No.1 is not entitled for any interest on the gratuity amount, and the interest now granted by the Labour Court on the gratuity amount payable is exorbitant and the same is liable to be set aside.

On the other hand, learned counsel for Respondent No.1 submits that the Labour Court after considering the fact that the petitioner-Municipal Corporation made the payment of gratuity amount to respondent No.1 after more than two years of his retirement, rightly directed the petitioner-Municipal Corporation to pay interest on the gratuity amount payable, and no interference is called for therewith. He further submits that respondent No.1 is entitled to grant of interest for the delayed payment and in support of his contention, he placed reliance on the judgment of the apex Court in ***"Vijay L. Mehrotra Vs., State of U.P. and others".***

Admittedly, respondent No.1 retired from service on 30.04.1995, and even though the Director of the local fund audit sanctioned the gratuity amount to respondent No.1 vide orders dated 06.12.1995, the Commissioner of the petitioner-Municipal Corporation passed orders for payment of gratuity amount to respondent No.1 only on 02.03.1996 i.e. after lapse of three months. Thereafter, though the cheque for gratuity amount of Rs.62,100/- was made ready on 15.03.1997, the same was not

sent to the petitioner till 07.10.1997, and thereby, there was delay of two years six months in making payment of gratuity amount to respondent No.1, and no reason whatsoever has been stated by the petitioner-Municipal Corporation for the delay in making the payment of gratuity amount. In ***Vijay L. Mehrotra's Case*** (1 supra) the apex Court held thus:

> "Service Law-Retirement-Retirement Benefits-expeditious payment-Held, it is expected that all retirement benefits should be paid on the day of retirement or soon thereafter if for some unforeseen circumstances the payment cannot be made on retirement day itself-Appellant retiring on 31.08.1997-Payments relating to GPF, GIS, leave encashment, arrears of pay, gratuity, commuted value of pension and detained amount released to her between 27.11.1997 to 05.11.1999 – Held, there was no reason or justification in this case for not making the payments for months together-Simple interest awarded @ 18% from the date of retirement to the dates of actual payments-Pension-Timely payment of-Commuted Pension-Timely payment of-Civil Procedure Code, 1908, S.34-Interest."

In the instant case also, even though respondent No.1 retired from service on 30.04.1995, the gratuity amount was paid to him by the petitioner-Municipal Corporation on 07.10.1997 i.e., after lapse of two years six months from the date of his retirement. The Labour Court, after considering the delay caused by the petitioner-Municipal Corporation in making payment of gratuity amount to respondent No.1 passed the impugned order awarding interest.

I see no irregularity or illegality in the order passed by the Labour Court warranting interference of this Court in exercise of its jurisdiction under Article 226 of the Constitution of India.

The writ petition is devoid of merits and the same is accordingly dismissed. No costs.

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N.V. RAMANA, J.

Date: 27.12.2005

Nsr/Ksr